

# New School Finance Plan for Texas

A Presentation to the Select Committee on School  
Finance Weights, Adjustments and Allotments

by Moak, Casey & Associates and the Texas School  
Alliance

May 19, 2010

# Characteristics of a Good School Finance System

- ▶ Built on foundation of necessary elements for a quality education
- ▶ Differentiate among student and community cost pressures
- ▶ Sensitive to changing cost demands through enrollment, inflation, state policy, and community expectations
- ▶ Provide equity in the distribution of state and local resources

# Increasing Aspirations

- ▶ State Policy Objectives
  - ? Exemplary Student Performance
  - ? Top Ten States in College and Workforce Readiness
  - ? Elimination of Performance Gaps
  - ? Reduction of Dropout Rates
  - ? Well-balanced and Appropriate Curriculum
  - ? Qualified and Effective Personnel
  - ? Financial Adequacy and Equity

# Linking Aspirations to Resources

- ▶ New school finance systems, like new accountability systems, should require research, structure, policy review and a multi-year time table.
- ▶ School finance systems should link accountability system standards with appropriate resources.
- ▶ School finance systems should adhere to necessary constitutional elements.
- ▶ Current school finance system fails to meet standards

# The Adequacy Foundation

- ▶ Adequate program cost for college/workforce preparation, gap reduction, and increase graduation rates
- ▶ Average cost per weighted pupil with additions and deductions for student and community factors
- ▶ Student Needs Index based on poverty, language, mobility, at-risk status
- ▶ Community Characteristics Index based on teacher costs, costs of living, and school district size

# The Adequacy Foundation Con't

- ▶ Include of factors for current programs for high school, transportation, student success, pre-k programs, technology, and DATE
- ▶ Provide incentive adjustments based on student performance, and productivity/efficiency
- ▶ Equalize financing with recapture based on maximum of \$1.00 tax rate

# Supplemental Enrichment

- ▶ Continued local conditions and use of property taxes to support the adequacy foundation requires meaningful discretion
- ▶ Provide meaningful discretion up to 20¢ based on adequacy tier yield, tax effort, and weighted students
- ▶ Equalized financing with recapture credit for the first six cents
- ▶ Use current Truth-in-Taxation provision for effective rate plus four cents as rollback limit

# Facilities Financing

- ▶ Recognize facility financing as elements of equitable and adequate system
- ▶ Update facilities program based on I&S tax rate at yields equal to the adequacy foundation yield
- ▶ Combine current EDA and IFA programs with two-year transition for low-wealth districts
- ▶ Repeal 50 cent cap on debt service
- ▶ Equalize financing without recapture

# Transition

- ▶ Establish target level of students in fully-equitable system at 95%
- ▶ Establish multi-year plan
- ▶ Create necessary mechanisms to undertake research and policy recommendations
- ▶ Fund independent review of weights and base costs to reduce factors
- ▶ Identify factors to be used in recognizing student success and productivity/efficiency measures



**Lynn M. Moak**

**Daniel T. Casey**  
*Partners*

**Amanda Brownson, Ph. D.**  
**Bob Popinski**  
**Maria Whitsett, Ph.D.**  
**Joe Wisnoski**  
*Associates*

**Susan Moak**  
**Kari Ruehman**  
*Administrative Staff*

**Kathy Mathias**  
**Larry Groppe Ed. D.**  
**Thomas V. Alvis Ph. D.**  
*Consultants*

400 West 15<sup>th</sup> Street, Suite 1410, Austin, Texas 78701-1648  
Ph. (512) 485-7878 Fax (512) 485-7888  
[www.moakcasey.com](http://www.moakcasey.com)